



# Workers' Compensation Study

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## Oregon's Workers' Compensation Premium Rate Ranking: An In-depth Look

Department of Labor & Industry

Workforce Services Division

Tyler Turner, Economist

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# Introduction

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- # Oregon produces semi-annual rankings of each state's indexed manual rates
  - # Rates are produced in cooperation with NCCI and representatives from state workers' compensation systems
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# Methodology

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- # Rates are based upon loss costs, payroll, and adjustment factors for individual class codes
  - # Class codes are chosen according to share of losses within the Oregon system
  - # Oregon payroll are used as a weighting mechanism for all states, while loss costs and adjustment factors are state specific
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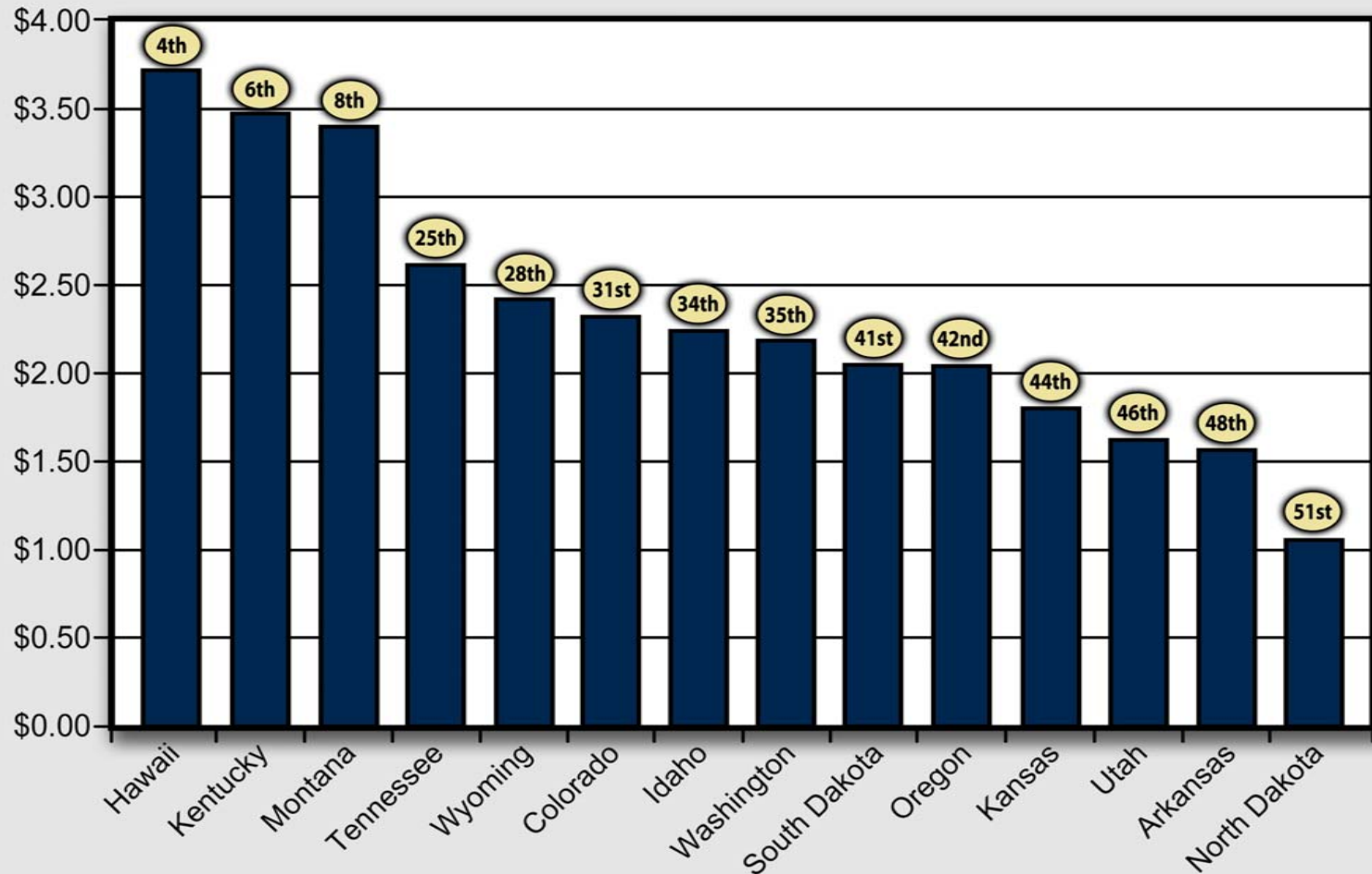
# Montana's Rates

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- # Montana has ranked consistently high in these studies over the last few years
    - 2004 – 8<sup>th</sup>
    - 2002 – 10<sup>th</sup>
    - 2000 – 12<sup>th</sup>
    - 1998 – 12<sup>th</sup>
  - # Why is Montana ranked this high and what factors are influencing this ranking?
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# Index Rates for Workers' Compensation Study States



Source: Oregon Department of Consumer and Business Services

# Methodology Concerns

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- # The Oregon rate study only allows for comparisons of Oregon's system through the use of Oregon class codes and payrolls
- # This introduces bias into the results and does not allow for further analysis of each state's system



# Examples

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# Class Code 0005 (Nursery Employees and Drivers) is included in the Oregon study

- Payroll in Oregon = \$518,021,037 from 1999-2001
- Payroll in Montana = \$10,761,849 from 1999-2001

# Class Code 0083 (Cattle or Livestock Raising and Driving) is not included in the Oregon study

- Payroll in Oregon = \$48,878,322 from 1999-2001
  - Payroll in Montana = \$229,333,137 from 1999-2001
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# Limitations

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- # This approach does not allow for a true analysis of rates in each state
  - # Ignores potentially important class codes and industries in states whose economy fails to resemble Oregon's
  - # Provides no indication of class codes which may drive overall rates
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# Solutions

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- # Analyze all class codes for each state, not just those chosen by Oregon
  - # Utilize payrolls for each state, not just Oregon payroll
  - # Develop analysis around not only ranking of states, but also rate drivers within each state
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# Questions?

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**This presentation along with other workers' compensation study information is located on our project website:**

**<http://erd.dli.mt.gov/wcstudyproject/wcstudyproject.asp>**

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